David Meek – CEO, Ipsen

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Ipsen global CEO David Meek provides a fascinating look into the French pharmaceutical ecosystem, Ipsen's bold global expansion plans, its R&D transformation, and the exciting changes to come.

David, you were brought to Ipsen with two specific tasks: transforming the company's R&D activity and establishing a presence in new, high growth markets like the United States and China. What is your assessment of the progress made on these two fronts?

From our roots as a French company, we have blossomed into a growing international player within the areas of oncology, neuroscience and rare disease. At the very outset, we were very clear in our minds that we needed to unleash a profound and ambitious transformation right at the heart of the company that would equip Ipsen to face the future with zeal and confidence. This entailed reconfiguring the leadership team, instilling a biotech mindset and nurturing a culture of external innovation with a view to driving our research, development and commercialization.

So far our efforts have met with overwhelming success. Not only have we proved able to build a global organization and international presence across three hubs (France, the United States, and the United Kingdom), we have also achieved therapeutic leadership in our target areas. Over the past two years, Ipsen and its partners have received 6 FDA approvals, 4 CHMP Positive Opinions, 6 EMA validations/EC approvals and 1 MHRA approval. Moreover, we rank as one of the industry's

fastest-moving players: you will struggle to identify many other drug developers with over USD two billion in revenue that are expanding at a pace of over twenty percent per annum.

Naturally, we are very pleased with this growth profile, especially in the way that we are broadening our reach globally: the United States market now makes up 25 percent of our overall business and our Chinese affiliate (the global number two market for pharma) is also thriving. Our growth figures were over 21 percent in the first half of 2018, with over 40 percent growth in the US, an outstanding performance and superior to most of our peers.

We have simultaneously made great strides in optimizing our portfolio, having successfully launched two oncology indications within the past two years, with our third potential European Commission approval imminent. Even our established products, like Dysport®, which is the number two neurotoxin on the market, and Decapeptyl®, which was launched 30 years ago for prostate cancer, are bringing significant patient benefit and registering very healthy sales growths.

How easy has it been to reorganize your top team?

Overall, I consider the biggest transformation within Ipsen to have been the people and the culture. A pharmaceutical company’s fortunes are often determined by three core variables: people, products, and pipeline. When you have the right people and the right leaders, positive transformation can occur. What we have been able to do is reconfigure the leadership team, which we knew needed to happen if we were going to strengthen our R&D programs and pivot towards assuming leadership in our targeted therapeutic areas, notably specific areas of oncology with high unmet need. These new leaders, both within our executive committee and our broader global teams, have made sure that our strategy gets executed, and that is why we have enjoyed considerable success.

Presumably, the dynamism and ambition that Ipsen is currently exhibiting is helpful when trying to attract top talent?

That is precisely what is so exciting about working for Ipsen. Leaders gain the chance to come, drive progress, and bring cutting-edge, game-changing medicines to patients. One of my first actions as CEO was to increase our ambition in terms of R&D productivity, raising the bar. We are now shooting for one new NDA or meaningful new indication every year. That has given our team a sense of purpose in bringing drugs to patients and treating some of the world’s most serious

diseases.

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Meanwhile, we increased the number of oncology experts across the R&D value chain; and also brought oncology expertise into our radiopharmaceutical franchise, alongside nuclear medicine expertise. In the neurotoxin business, where we are a world leader, we've also been having great success in attracting world-class experts to work on our programs at Milton Park in Oxford, a site which has positioned itself right at the vanguard of designing next-generation recombinant toxins.

Practically, how have you gone about the arduous task of engineering a change in company mindset?

It really all begins with the company ethos and collective sense of mission. We have a very clear vision – *Ipsen is a global biopharmaceutical leader focused on innovation and Specialty Care.* This vision inspires the leaders and the leaders inspire the change. Ipsen has been a great company for many years, but our recent unprecedented success can be largely attributed to our newfound resolve and sense of purpose. When you commit your company to be a global leader in biopharma, especially innovative care, the entire workplace really takes it to heart and they enact the change.

We distinguish ourselves by placing the patient front and centre. It can be difficult, from the standpoint of a pharma company's headquarters, to flip the triangle upside down to where the patient is at the top and the corporation is on the bottom. We need to start every day with the patients' best interests in mind; after all, Ipsen's best interests are the patients' best interests. With this kind of mindset, the "walls" that could be preventing corporate cohesion start to come down and we get what I call a "one Ipsen" in which we all work for the patients. Yes, we need each department to be functional, but working *cross-functionally,* both internally and externally (with academic centres, other companies, etc.) towards what is in the best interest of the asset and the company. With that in mind, people collaborate more.

In an era of globalized drug development, the "One Ipsen" mindset is essential, ensuring a spirit of solidarity and joined-up action takes precedence – this has been one of my priorities.

One of the most eye-catching elements of Ipsen's R&D transformation has been the pivot towards "open innovation". How has this come about?

We are built around a culture of open innovation. This approach is fast making us a partner of choice from early stage development and academic partnerships, through to late stage and product commercialization. Our external innovation strategy that we started to roll out a few years ago explicitly targets the volume of global partnerships that we seek to enter into. While we want to develop our own pipeline, we also strive to supplement it with external assets. At the same time, we are keen to help others bring drugs to the market. In particular, we are ready and able to assist companies that may not have the capacity to manufacture or commercialize their own new products.

So far, we have placed dedicated teams in three innovation hotspots: Boston, the UK and Paris, and equipped them with "search and evaluate" capabilities for scouting out new partnership possibilities with biotechs and academia. By ramping up our hiring of physicians and PhDs, we are now able to deepen our interactions with these types of communities.

Ipsen is completely agnostic as to where the innovation comes from. There will be instances when we realize that somebody outside the company has developed something better: a therapy that can be properly termed "best in class." In such circumstances, we need to be comfortable and at ease with halting our own proprietary program and instead going after the best one because we realize that the patients, payers, and we, ourselves, demand the best.

Working with external partners helps keeps us sharp. It renders us aware of all the great science that is going on out there, not just within small biotech companies, but within the large pharma companies, too. My belief is that the industry needs to reach a point in which you can walk into a room and you don't really know where anyone works – and, moreover, you don't care! Everybody is just trying to do what's right for the patient. I think that if patients saw that, they'd be highly impressed. After all, patients don't look at a label of a drug and ask, "where is this made?" They just care if it does what it says on the tin. The country of origin or the manufacturer is an irrelevance to them.

How about your commitment to digital innovation and your partnering with actors like IBM Watson?

We are increasingly witnessing the incursion into the biopharma space of tech giants and software and gamification companies, as well as the increased role of AI as a disruptive technological force in drug discovery. There is a change of paradigm whereby one no longer needs to necessarily test a new treatment to produce data. We can start with data through automated biometric processes.

Ipsen's digital transformation has accelerated since 2014, and the company intends to stand among the leading companies in this area, implementing three significant changes: speeding up drug discovery, improving patients' and HCPs' user experience, and inspiring a culture of digital innovation.

The new digital odyssey begins, for us, in drug discovery, where we are harnessing digital means to identify the best drug targets. Our researchers look at data collected from various sources – for instance, real-world data collected from providers such as Flatiron – and identify what molecules or treatments will have the highest impact. We can also rely on data to answer some scientific questions, which in the past could be answered only by KOLs and health specialists.

We are simultaneously deploying AI and machine learning in drug development and clinical trials. AI can be a true game-changer not only in helping developers generate a targeted therapy but also in forecasting drug failure.

I am convinced that by embracing digital disruption we can massively upgrade and optimize our modus operandi for drug development, diagnosis, prescribing and care delivery. As such, I am committed to positioning Ipsen right at the vanguard of this brave new digital world.

Furthering "patient centricity" has become a key tenet of Ipsen's new vision. What does this buzzword actually mean to you? And how do you measure your performance on this issue?

There really isn't a quantitative way to measure our success with the patient, per se. The closest you get to such a thing is surveying advocacy groups. What Ipsen has done, though, is to appoint a Chief Patient Officer, explicitly dedicated to ensuring the primacy of the patient and that the patient is positioned right at the forefront of all of our activities. In new drug development, for example, we are attentive to incorporating patient feedback loops early on in the process with a view to rendering the delivery mechanisms as user-friendly as possible.

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As a company with a strong footprint in specialty care, we are compelled to establish strong relationships with our advocacy groups. Meanwhile, we have been working in conjunction with a coalition of advocacy groups, key centres, and regulators in trying to establish an infrastructure to support personalized precision medicine whereby treatments can be tailor-made to each patient's genetic makeup.

David, you have been in your current role for over two years now. How would you describe your first impressions of the French market?

My overall impression of the French market is that all of the prerequisite ingredients for a great recipe are at hand. France demonstrates great potential for innovation thanks to the country's excellent academic centres and hospitals, an educated workforce, a solid economy, and a strategic geographic location for business. This is a market that enjoys outstanding underlying fundamentals and, as such, France remains an attractive location for the entire industry from big pharma to small, innovative biotechs and start-ups.

That said, those very same ingredients can also be found in some other places. The big question for France going forward is how the country can leverage these qualities to the maximum and deliver upon its full potential. Quite frankly, there are alternative ecosystems out there at the moment that are managing to achieve more with a comparable resource base and where the pace of advancement has been astonishingly rapid. At the end of the day, investment flows will always gravitate towards the markets offering the optimal value proposition, so there is no room for complacency if France, or indeed any country, seeks to remain in the game.

What steps, then, should France take to properly deliver upon its true potential in life sciences?

There is no single, simple way to optimize the system. There is no magic fix or silver bullet. There are many different types of stakeholders in the mix and genuine collaboration will admittedly be tough to engineer. However, if we do not improve, others will continue to pass France by. As we sit,

ponder, and deliberate, the world is not waiting for France. Believe me, I just came back from a trip to China and they are not waiting for *anybody*. On the contrary, the Chinese demonstrate a formidable readiness to effect change very rapidly.

Frankly speaking, contemporary drug development is a tremendously hard task. It is a highly risky endeavour and the failure rate can be extreme. We, as an industry, cannot develop innovation on our own in a vacuum anymore. In the old days, a basic research laboratory and bench scientist could identify a molecule and commercialize it all within one company. That way of operating has categorically gone with the advent of cutting-edge, sophisticated biologics. Innovation now comes from all directions, and companies have to prove open to ideas from anywhere across the globe. Furthermore, collaboration between industry, patients, researchers, payers and other actors across the care continuum is ever more critical as health systems battle financial constraints that can only be remedied by acting in concert.

What we need is for the major stakeholders to band together and lay out a comprehensive vision for what the French life sciences community wants to become. What I, and many of my in-country peers, have in mind is for France to assume its place as an innovative centre of excellence on a global standard where we develop drugs that benefit the entire world. I think that I can speak for many of my colleagues in the industry when I say that we are super motivated to bring this about. We want the other stakeholders to be equally motivated and energetic. We are going to need a serious private-public partnership to attain these goals. The time has come for us all to sit together at the same table with the common objective of making great things happen for patients.

What was your feeling about the vibe at July's 8th Strategic Council of Health Industries (CSIS) and Prime Minister Edouard Philippe's speech on the Macron administration's agenda for the life sciences industry?

For me, it's not about one speech, but the subsequent actions that ensue. If we follow through on the plans that we make, then we begin to establish credibility. Predictability has all too often been absent from the French ecosystem. There have been many false dawns. Having a clear sense of the future operating environment is not just a precondition for an enterprise to be able to formulate business plans and place big-ticket investments, but also for the researchers, the academic institutions, and the rest of the life sciences community to perform their tasks competently. So, if one part of the value chain says one thing, but then does something completely different a few months later, it compromises everyone's productivity. Establishing consistency and integrity in

actions and communications is thus paramount.

I think that what was said this summer at the CSIS was certainly encouraging and the posture of the new administration is rather more collaborative and pro-innovation than its predecessor. We're looking forward to seeing this positive mindset in the social security budget bill for 2019 and the forthcoming decisions on government health policy.

As an industry, we strive to be constructive and are committed to helping to shape the future, but as commercial entities, we also have to be mindful of our capital allocation and take actions that we believe will help us bring great products to patients around the world as fast as possible. I would describe the present mood as hopeful and there is a general appreciation that we have entered a golden window of opportunity in which different stakeholders' interests and objectives are increasingly aligned. My instinct tells me that, just so long as we can all keep our focus centred upon what is best for patients, barriers should come down and collaboration will increase.

It is rather rare to find an American leading a high-performing, French pharmaceutical company like Ipsen. How have you dealt with being in this situation?

It certainly has placed me in a unique position. I actually hold the distinction of being the only American CEO in the entire SBF 120 (*Société des Bourses Françaises 120 Index*), the stock index provided by the Paris Bourse. Nonetheless, given my global experience with large multinationals and biotechs, as well as living and working in Italy, Switzerland, France and Canada, and my familiarity with the mindsets and internal dynamics of these markets, I am pretty comfortable in such an international environment.

I am always keen to stress to people that Ipsen is a global company that happens to have a French headquarters and heritage. We are very proud of our 90-year history in France, but we have, over time, established ourselves as a multinational entity fit for taking on the challenges of contemporary drug development, which is an increasingly globalized endeavour. The domestic market, though important, is only one component of our overall business. We have strategically established global hubs in Paris, the UK and the US, and we are continuing to expand across high growth markets in Asia. Meanwhile, part of my brief is actually to leverage my experience on both sides of the Atlantic to propel the company to the next level by deepening our presence in the US, now consistently one of our best-performing affiliates.

What are your main priorities, hopes and aspirations looking ahead?

We remain at a critical juncture in our company's life cycle. Understanding that our future strength is in drug development, we have set about trying to put in place a 'light' research organization that recognizes that research can be done externally. We are changing the way that new treatments are researched, developed and brought to market – pushing an open innovation approach, promoting partnerships and involving patients every step of the way.

Right now, we are firmly on track to meet our 2020 objective for group sales of over €2.5 billion, equating to over 30 percent growth over the next two and a half years. Our intention is to sustain this momentum by bolstering the internal pipeline and through the acquisition of therapeutic assets that fit with our strategy.

Our future is bright. Our leadership and culture are strong. Our specialized portfolio of innovative and differentiated assets – combined with our strong clinical and regulatory skillset, will allow us to continue to expand indications across existing therapies and to bring new treatments to market. Meanwhile, we are well on the way to fashioning a drug development powerhouse characterized by bold, agile, entrepreneurial leadership that is wide open to both in-house and external input and innovation.

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